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FIRST COUNTRY COOPERATION FRAMEWORK FOR ANTIGUA AND BARBUDA (1999-2001)

CONTENTS

		Paragraphs	Page
INTRODUCTION		1 - 2	2
I.	DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	3 - 9	2
II.	RESULTS AND LESSONS OF PAST COOPERATION	10 - 14	4
III.	PROPOSED STRATEGY AND THEMATIC AREAS	15 - 23	5
	A. Public sector management and governance	17	6
	B. Poverty	18 - 23	6
IV.	MANAGEMENT ARRANGEMENTS	24 - 26	7
	A. Execution and implementation	24	7
	B. Monitoring and review	25	8
	C. Resource mobilization	26	8
Annex.	Resource mobilization target table for Antigua and Barbuda (1999-2001)		9

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INTRODUCTION

1. The third country programme for Antigua and Barbuda (1992-1996) was approved by the Governing Council at its twenty-ninth session (1992). The first extension was approved in 1997, for a period of one year, and the second extension was approved by the Executive Board at its second regular session 1998, for a further period of one year, through December 1998. These extensions enabled the Government to formulate the outline of a comprehensive economic and fiscal reform programme and determine the elements it would request UNDP to support under its first country cooperation framework (CCF). The Government experienced a delay in the formulation of such a programme, which in turn resulted in a delay in finalizing the CCF and presenting it to the Executive Board.

2. The first CCF for Antigua and Barbuda outlines the programme for technical cooperation with UNDP for the period 1999-2001. It benefits from consultations with the Office of the Prime Minister and the Ministry of Planning, Implementation and Environment. It is also informed by discussions with and reviews of sectoral and macroeconomic studies conducted by key regional institutions, including the Eastern Caribbean Central Bank (ECCB) and the Caribbean Development Bank (CDB).

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. Recent economic trends Antigua and Barbuda has fallen into an unsustainable macroeconomic situation as public finances have deteriorated significantly throughout the 1990s. The country has lost the cooperation of the Bretton Woods institutions, having failed to maintain the prescribed structural adjustment programme, has been given a zero-credit rating and, since 1994, has been borrowing on the open market at commercial interest rates. Contributing to the macroeconomic problems are excessive public sector employment, estimated at 30 per cent of the workforce, weak revenue collection mechanisms, overly liberal discretionary concessions on import duties and uneconomically low tariffs charged by public utilities.

4. The country's economy contracted by 5 per cent in 1995, primarily because of the destruction caused by successive hurricanes, but recovered very quickly in 1996 with real gross domestic product (GDP) growing by 5.4 per cent mainly as a result of post-hurricane reconstruction activities. Preliminary data for 1997 indicate that the economy grew by 5.7 per cent. The estimated rate of unemployment was 7 per cent in 1996 and 1997. Movement in the consumer price index indicated that a 1.1 per cent deflation in prices took place in 1997 compared with an increase of 3.9 per cent and 5.7 per cent in 1995 and 1996, respectively. The contraction in prices during 1997 was due mainly to a fall in food prices. Slower growth is expected in 1998 as a result of the damage caused by hurricane Georges in September.

5. The current account deficit on the balance of payments moved from $58.9 million in 1995 to $259.7 million in 1996, reflecting imports for

post-hurricane reconstruction and a decline in tourism earnings. Preliminary estimates indicate that this deficit has narrowed in 1997 to $173.6 million or 11 per cent of GDP. Total outstanding public sector external debt, at the end of 1996, was estimated at $453.7 million or 83.6 per cent of GDP, with arrears estimated at $401 million or 73.9 per cent of GDP. In 1997, the Government stepped up efforts to honour debt-service obligations, including attempts at rescheduling. Because of continuing debt-service problems, however, official and commercial external capital inflows, including that from the Bretton Woods institutions, will be limited over the medium term.

6. A major weakness in economic management in Antigua and Barbuda is the absence of any form of national development planning. In 1991, the Ministry of Planning was established with the responsibility for drafting a national development plan. However, the Ministry was not adequately staffed and did not have access to high-quality and timely economic and financial data for the formulation and assessment of macroeconomic policies. As a result, the proposed national development plan was never completed. In 1997, the Ministry of Planning, Implementation and the Environment was established with the responsibility for restructuring the modus operandi of government. Among its first priorities are reforming the public service and formulating and implementing a strategic development plan.

7. Social development Antigua and Barbuda has a population of 64,000 (1994); the average life expectancy is 75 years. The country has a GDP per capita of $7,800 (1995) and ranked 29 out of 174 countries in the human development index (HDI) of the Human Development Report 1998. However, social development gains are threatened by the structural difficulties which the economy has been undergoing. The Government, in this respect, recognizes that the country's human resources must be enhanced if the gains of the past are to be maintained and improved upon. In education, the Government will be implementing a basic education project over the period 1998-2000 to strengthen the capacity to plan, manage and deliver basic education and to enhance the learning environment at the secondary level. More resources are also being made available for tertiary education. In health, a health sector group was established in 1997 to undertake a comprehensive review of the sector and to recommend goals, objectives and strategies for the next five years. Over the medium term, the Ministry of Health will pursue the structural and functional decentralization of health services. Priority will be given to further development of the health information system, and, in collaboration with the medical benefit scheme and the medical insurance sector, new ways of financing health-care delivery, including cost-recovery measures, will be explored.

8. Emphasis on the social sector and the need for social data collection were high on the country's agenda for the World Summit on Social Development. Commitment to social development was undertaken by the Government at the 1995 Caribbean Symposium on Social Development and at the 1996 Caribbean Ministerial Meeting on Poverty Eradication. While the country ranked 29 with an HDI of 0.895, some social indices were not available. The Human Development Report 1998 does not therefore record, for example: (a) a gender-related development index; (b) a gender-empowerment measure; (c) the relative change in HDI from 1960 to the present; (d) the human poverty profile and index; (e) trends in human development; (f) women's access to education; (g) women's participation in

economic and political life; and (h) profile of people in work. The absence of these data has hindered social development planning as policy makers have no objective quantifiable methods on which to base decisions and monitor their implementation. The Government aims to establish and institutionalize a structure for collecting, maintaining and analysing up-to-date socio-economic data (including data on women) in order to inform policies and programmes to address social problems.

9. Environment In the past, effective management of the environment was severely hampered by a weak institutional and legislative framework. There were several ministries involved and more than 47 separate pieces of legislation containing clauses that directly or indirectly pertained to environmental management. The Government is aware of the need for environmental protection and realizes that a strong, centralized approach to environmental management, facilitated by a single piece of legislation and appropriate enforcement, can provide a level of control and efficiency not possible where several agencies have the responsibility for administering different clauses in legislative acts. In 1997, responsibility for the environment was transferred from the Ministry of Tourism to the Ministry of Planning, Implementation and the Environment and an umbrella environmental act was introduced.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. The third country programme for Antigua and Barbuda (1992-1998) focused on environmental management and assisted the Government in improving its physical development planning capacity. The programme also addressed environmental conservation issues. The programme has made an impact on the practice of land-use planning in Antigua and Barbuda by establishing firm land-use policies, supported by the necessary legislation, to guide development control in the capital and the country as a whole. The national physical development planning policy and strategy produced under the programme will contribute to establishing the contextual framework to support and inform development control decisions and provide a mechanism for coordinating, guiding and managing development initiatives. In addition, the programme introduced and established geographic information systems (GIS) technology in the country for both physical planning and population mapping. During the programme period, a pilot survey of living conditions was undertaken in three of the poorest districts in the capital area and the data combined with digitized GIS maps. This cataloguing of the population has provided an invaluable system for displaying real-time poverty indicators. This initiative will be expanded and further institutionalized during the CCF, with appropriate attention to gender-sensitive data.

11. Antigua and Barbuda has also benefited from the UNDP Caribbean Multi-Island Programme through assistance for the establishment of a Small Enterprise Development Unit. This project assisted in strengthening the capacity of the National Development Corporation in the area of micro-business development. The country has also benefited from support to the Caribbean Disaster Emergency Relief Agency, which plays a particularly important role in disaster preparedness in the region, funded under the Regional Programme for Latin America and the Caribbean.

12. Through the Capacity 21 Programme, the Sustainable Development Council has been set up and the Global Environment Facility (GEF) Small Grants Programme has assisted a small-scale environment management project developed primarily by the non-governmental organization (NGO) community.

13. A small level of official development assistance was provided during the programme period by the European Investment Bank and the Kuwait Fund. Grants for health and education development projects were provided by the traditional development partners of Antigua and Barbuda; the United Kingdom, the European Union (under the Lomé Convention) and the Government of Canada. The People's Republic of China also assisted with some grant aid.

14. There were considerable delays in the implementation of the third country programme owing to the weak organizational structures of the key government departments and their weak absorptive capacity, which was due to a paucity of qualified counterpart staff. Only one project, the National Physical Development Planning and Environmental Conservation, was implemented. It is therefore important that future programmes, especially where new systems and technology are to be introduced, should support the capacity of the counterpart institutions before direct technical interventions are mobilized. Towards this end, consideration will be given to implementing a programme support and training project in order to ensure the provision of an adequate technical advisory component for the current programme.

III. PROPOSED STRATEGY AND THEMATIC AREAS

15. The Government is under increasing pressure from regional and international institutions to implement structural reforms necessary to address underlying fiscal difficulties. Antigua and Barbuda is a net contributor country and, given the limited target for resource assignment from the core (TRAC) available for the present CCF, the Government has identified a number of strategic interventions in which UNDP cooperation would serve as a catalyst for building national capacity, renewing international confidence and mobilizing resources to finance the public sector investment programme. In this respect, the Government is designing a national strategic development plan that will focus on both the economic and social dimensions of human development and has therefore requested UNDP to undertake a number of specific interventions that will inform and guide the design of the plan. It is envisaged that the use of horizontal cooperation mechanisms and other modalities of technical cooperation among developing countries will form an essential part of the implementation strategy for the CCF. The interventions are identified under two thematic areas, namely public sector management and governance, and poverty.

16. UNDP catalytic support to the national strategic development planning process complements the aid inflows from other development partners. The Caribbean Development Bank is providing resources through grants and loans to finance an organization and methods study of the public sector. A number of regional institutions (ECCB, the Organization of Eastern Caribbean States (OECS) secretariat, the University of the West Indies and the Caribbean Community (CARICOM) secretariat) are assisting the Government in strengthening the

institutional and regulatory framework for effective macroeconomic management, within the framework of the proposed national strategic development plan.

A. Public sector management and governance

17. Under this thematic area, the Government has requested assistance from UNDP in the following two areas. First, assistance is sought in conducting a study on the design and implementation of a format for programme-budgeting and planning for all ministries that would facilitate the improvement of programme planning and management. Other member States of the OECS have already undertaken this initiative with the assistance of the Canadian International Development Agency (CIDA). The specific functional and technical requirements for the planning, programme and performance budgeting systems would include: (a) the development of a training strategy for management and staff performance requirements and (b) the review of the legal framework and the drafting of legislative amendments to reflect new accounting systems and practices, planning and budgetary processes. Two key elements of this sub-component would be the redefinition of the roles and functions of the Cabinet, the Ministry of Finance and other line ministries in the budgeting process and the strengthening of financial reporting requirements to Parliament and donor and lending agencies. Second, in conducting a study on the feasibility of and mechanisms for converting the Government's pension scheme into a funded pension scheme. This particular intervention is in light of the retrenchment anticipated to follow implementation of the proposed civil service reform programme.

B. Poverty

18. The limited data on the social sector in Antigua and Barbuda indicates that 12 per cent of the population live in poverty. UNDP has been requested to design and implement a poverty assessment that will determine the extent and distribution of poverty and identify policies, strategies, action programmes and projects that will form the basis of a highly targeted social programme. Such a programme would reduce the extent and severity of poverty and improve the quality of life of the country.

19. The poverty assessment is expected to involve an institutional analysis, a national survey of living conditions and community-level situation analyses. The latter will cover primarily the poorest settlements/villages/districts identified in the survey and any small group of similarly placed settlements that appear to have made significant progress over the last 10 years in breaking the poverty cycle - based on information from the survey, census data and other secondary information.

20. In particular, the assessment will integrate socio-economic data with spatial data through GIS technology to map and analyse the dynamic links between the following: (a) employment, unemployment and conditions in the formal and informal sectors; (b) rural poverty and issues affecting the development of the natural resource sector (e.g., agricultural production, land-use policy, financial and infrastructural support, environmental constraints and market access); (c) urban poverty and issues relating to urbanization, such as the

development of squatter settlements and the increase in crime; (d) structural changes in the society (economic and social) and the generation, maintenance and reduction of poverty. Data collection and analysis will aim to capture disaggregated information on women, men and young people.

21. At the institutional level, the assessment will: (a) analyse the impact of the policy and institutional environment on poverty, particularly social and economic policies, the regulatory and legal framework, and the sociocultural systems and (b) assess the effectiveness of existing responses by government institutions, NGOs and community-based organizations (CBOs) to the poverty situation, including the availability of safety nets and other programmed interventions to alleviate or reduce poverty. In these programme activities, particular emphasis will be placed on the situation of women and youth. A key output of the work will be to identify possible interventions and areas where problems could be solved through investment projects or by improvements in the existing social development programmes. Emphasis will be given, through training and other activities, to strengthening or enhancing the effectiveness of government, NGO and CBO efforts to reduce poverty and to address its root causes.

22. At the end of the CCF period, it is expected that two main strategic studies will be produced, in the areas of public sector management and governance, with UNDP assistance. These studies, on the design of a format for programme budgeting and planning and on mechanisms for converting the Government's pension scheme into a funded scheme, will be essential inputs into the strategic planning process of Antigua and Barbuda. Two critical components of the first study will be the elaboration of a strategy for management training and staff performance requirements to be applied across the public service. Apart from the part they are expected to play in the national planning process, these interventions are anticipated to result in enhanced public service effectiveness and increased efficiency in the delivery of services to the public.

23. UNDP assistance in the thematic area of poverty eradication will concentrate on conducting a comprehensive national poverty assessment. A number of NGO/CBO and government representatives will be trained in participatory techniques to enable them to carry out this activity. The activity itself will result in the availability of data on a range of poverty and social development indicators, as well as the elaboration of policies, strategies and programmes for targeted interventions with respect to poverty and social development, with due recognition of gender-sensitivity.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation

24. During the CCF period, the national execution modality will be introduced to maximize national ownership and full participation. Efforts will be made to address the institutional weaknesses that constrained the success of the previous cycle. As UNDP resources will be concentrated on diagnostics rather than interventions, collaboration will be sought from relevant United Nations

agencies, regional organizations, especially research and financial institutions, and national NGOs and CBOs as part of the thrust to mobilize resources and increase programme impact.

B. Monitoring and review

25. Monitoring and review of the programme will be facilitated by the definition of qualitative and quantitative targets, and by precise monitoring indicators, which will be specified in each programme document. In keeping with UNDP regulations, a triennial review will be conducted. A programme oversight committee is envisaged for each thematic area, which will comprise representatives from the Government and from civil society, from a cross-section of United Nations agencies, key partners from the donor community, representatives from regional research and financial institutions and umbrella bodies of civil society organizations, to monitor the technical quality of the research and recommendations. These committees will function more as peer reviewers to enhance the integrity of the research and encourage acceptance of the findings and recommendations towards implementation. Appropriate telecommunications technology will be employed as much as possible to reduce cost of travel and meetings.

C. Resource mobilization

26. The UNDP TRAC 1 and TRAC 2 resources are insufficient to meet the full cost of the programme and the Government will be unable to provide cost-sharing. Emphasis will be placed by UNDP on building strategic alliances with the traditional development partners of Antigua and Barbuda, in particular CIDA, the European Union and the CDB, which have continued to provide some support to the country. As a further step, it is proposed that with enhanced public-sector planning and with management and accountability processes well established, the Government, with the support of UNDP and other development partners, will embark on a more systematic effort to mobilize much needed development and investment resources for the country. Preliminary discussions with CDB along these lines have already begun and a crucial role is envisaged in this for UNDP.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR ANTIGUA AND BARBUDA (1999-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over into 1999	203	
TRAC 1.1.1	80	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	9	
Subtotal	292[a]	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds	-	
Subtotal	-	
GRAND TOTAL	292[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.